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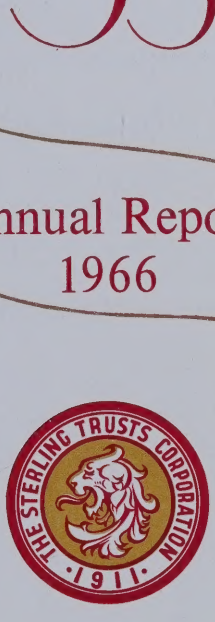
55th Annual Report 1966



THE
STERLING TRUSTS
CORPORATION

DIRECTORS

Chairman of the Board

RAY T. BIRKS, Q.C. - Toronto, Ont.

President

NIELS F. PETERSEN - Toronto, Ont.

Vice-Presidents

ROBERT BIGELOW, Q.C. - Toronto, Ont.
H. T. BURGESS - Toronto, Ont.
E. R. MEREDITH - Toronto, Ont.

S. B. ADAMS, C.A. - Toronto, Ont.
N. H. BELL - Toronto, Ont.
WALTER A. DILWORTH - Toronto, Ont.
R. I. HENDY, Q.C. - Toronto, Ont.
LORNE JOHNSON - Regina, Sask.
H. D. LANGDON, Q.C. - Toronto, Ont.
JAS. R. LOVATT - Toronto, Ont.
CHAS. J. SEAGRAM, Q.C. - Barrie, Ont.
ARTHUR W. WHITE - Toronto, Ont.

T. GORDON TAYLOR - General Manager

Auditors

MESSRS. PEAT, MARWICK, MITCHELL & CO.

INCORPORATED IN NINETEEN HUNDRED AND ELEVEN

EXECUTIVE COMMITTEE

N. F. PETERSEN

S. B. ADAMS, C.A.

ROBERT BIGELOW, Q.C.

H. T. BURGESS

R. I. HENDY, Q.C.

H. D. LANGDON, Q.C.

E. R. MEREDITH

OFFICERS

R. T. BIRKS, Q.C.
CHAIRMAN OF THE BOARD

N. F. PETERSEN
PRESIDENT

H. T. BURGESS
VICE-PRESIDENT

ELTON R. MEREDITH
VICE-PRESIDENT

ROBERT BIGELOW, Q.C.
VICE-PRESIDENT

T. GORDON TAYLOR
GENERAL MANAGER

DENNIS W. JONES, F.C.I.S.
ASSISTANT GENERAL MANAGER

F. C. BEVERIDGE
SECRETARY

A. G. HAWTHORNE, C.G.A.
TREASURER AND ACCOUNTANT

LANGTON MARTIN
MANAGER, STOCK TRANSFER DEPARTMENT

ARTHUR IVINEY
MANAGER, MORTGAGE DEPARTMENT

W. G. MASHINTER
MANAGER, GUARANTEED TRUST DEPARTMENT

W. A. WARD
MANAGER, ESTATES DEPARTMENT

T. J. F. ROSS
SECURITIES OFFICER

W. E. DEWSNAP
TRUST OFFICER

SPECIAL REPRESENTATIVES

C. LESLIE CHITTICK

A. L. SMOKE

R. E. WHITE

H. A. SCHONDELMAYER

J. A. HARGRAFT, F.R.I.

To the Shareholders:

The Fifty-fifth Annual Report of the Corporation for the year 1966 is submitted for your approval.

You will notice several changes in the Report. In order to bring the Balance Sheet in line with modern accounting practice, the assets of the Corporation and of the Guaranteed Account have been combined in the statement. However, liabilities and shareholders' equity remain in separate totals.

You will also note new schedules in your report, consisting of, Statement of Earnings, Statement of Reserve Fund and Statement of Mortgage Reserve.

The increase in prime interest rates has, of course, been reflected in a decline in Bond prices. In view of this, your Directors deemed it prudent to create an investment reserve by way of transferring $250,000 from general reserve to offset the decline in market value.

The combined assets of the Capital and Guaranteed Trust Accounts, together with Estates, Trusts and Agency Accounts under administration increased to $54,111,000 from $51,538,000, an increase of 5%.

As indicated in the Statement of Earnings, you will note that increased volume of business, in spite of increased costs, reflects an increase in profits. However, as Capital gains were lower in 1966 than in 1965, the combined results reflect a reduction in profits after taxes of $10,900.

You will note that we have appropriated to the Mortgage Reserve the largest amount allowed for income tax purposes, thereby increasing the reserve to $275,000.

Following the splitting of the stock, five for one, the dividend was maintained proportionately, the regular quarterly dividend being eight cents per share, paid on January 3, 1967, in addition to which, a two cent extra dividend was paid.

The Branches in Barrie and Orillia continue to generate increased volume of business indicating confidence in the strength of your Corporation by the citizens of those communities.

The tight money market resulted in higher interest rates and a reduction in residential building, which added to the problem of conservatively investing money deposited with the Corporation. As an indication of strength of the portfolio, your Directors are pleased to advise that interest in arrears on mortgages as at December 31, 1966, amount to less than one-tenth of one per cent of the mortgage portfolio.

Mr. Norman H. Bell and Mr. R. I. Hendy were elected directors of the Board, filling vacancies created by the resignations of Mr. John Hallam and Mr. J. M. Smillie. It is with deep sorrow we record the death of Mr. J. M. Smillie on January 5, 1967. Mr. Smillie served on the staff of the Corporation for approximately forty years.

On your behalf, may I take this opportunity to express appreciation to the members of the staff for their loyal efforts which contribute so much to the strength of your Corporation.

TORONTO, January 25, 1967

N. F. PETERSEN, *President.*

THE STERLING TR

BALANCE SHEET

ASSETS

	1966	*1965*
Cash on hand and in banks	$ 700,532	*$ 981,725*
Securities, including accrued interest, less reserve (note 1):		
Bonds of or guaranteed by the Government of Canada	$ 1,919,063	*$ 1,189,558*
Bonds of or guaranteed by the Provinces of Canada	1,004,938	*866,107*
Bonds of Canadian Municipalities	4,726,872	*5,335,880*
Other bonds and debentures	1,288,794	*1,292,397*
Stocks	1,239,282	*998,520*
	$10,178,949	*$ 9,682,462*
Loans on bonds and stocks	$ 1,335,430	*$ 382,323*
Advances to estates	51,429	*64,229*
First mortgages, including interest due and accrued	24,866,529	*22,592,646*
Real estate held for sale	—	*10,638*
Office premises and equipment, less amounts written off	210,276	*217,828*
Other assets	7,938	*3,712*
	$37,351,083	*$33,935,563*

NOTES:

1. Government and Provincial bonds are stated at amortized value. All other securities are stated in the aggrega
2. During the year the authorized capital stock of 200,000 shares of a par value of $10.00 each was subdivided in

We certify that to the best of our knowledge and belief the above statement is correct and shows truly and clearl

RAY T. BIRKS, *Chairman of the Board* NIEL

Total assets under administration:		
Funds, investments and book value of assets held for administration, realization and distribution	$16,759,792	*$17,602,868*
Company's capital and guaranteed account assets	37,351,083	*33,935,563*
	$54,110,875	*$51,538,431*

TS CORPORATION

December 31, 1966

LIABILITIES AND SHAREHOLDERS' EQUITY

	1966	*1965*
Guaranteed Trust Account:		
Savings deposits	$ 6,921,445	*$ 6,559,729*
Guaranteed trust certificates, including accrued interest	27,754,678	*24,549,885*
	$34,676,123	*$31,109,614*
Accounts payable	$ 14,270	*$ 16,998*
Dividend payable, January 3, 1967	56,412	*56,412*
Income taxes payable	13,779	*21,872*
Mortgage reserve	275,000	*175,000*
Shareholders' Equity:		
Capital stock (note 2):		
Authorized 1,000,000 shares of $2.00 each		
Issued and fully paid 564,120	$ 1,128,240	*$ 1,128,240*
Reserve fund	1,125,000	*1,375,000*
Undivided profits	62,259	*52,427*
	$ 2,315,499	*$ 2,555,667*
	$37,351,083	*$33,935,563*

ıot exceeding quoted market value.
0,000 shares of a par value of $2.00 each.

ınancial condition of the Corporation's affairs.

ETERSEN, *President*

T. GORDON TAYLOR, *General Manager*

THE STERLING TRUSTS CORPORATION

STATEMENT OF EARNINGS

For the year ended December 31, 1966

	1966	*1965*
Revenue:		
Income from first mortgages	$ 1,660,168	*$ 1,522,471*
Income from bonds and stocks	549,200	*519,306*
Fees and commissions	188,564	*182,342*
Other operating revenue	93,212	*63,665*
Total Revenue	$ 2,491,144	*$ 2,287,784*
Expenses:		
Interest on savings deposits and guaranteed trust certificates	$ 1,589,263	*$ 1,428,426*
Salaries, staff benefits and commissions	340,104	*330,562*
Other operating expenses	163,014	*148,130*
Depreciation	11,148	*11,426*
Total Expenses	$ 2,103,529	*$ 1,918,544*
Net earnings from operations	$ 387,615	*$ 369,240*
Net gain on realization of investments	28,018	*73,825*
Net earnings before taxes on income	$ 415,633	*$ 443,065*
Taxes on income	166,000	*182,500*
Net earnings for the year, transferred to undivided profits	$ 249,633	*$ 260,565*

STATEMENT OF UNDIVIDED PROFITS

For the year ended December 31, 1966

Balance at beginning of year	$ 52,427	*$ 53,663*
Add:		
Transfer from net earnings for the year	249,633	*260,565*
Reduction in income taxes by reason of transfer to mortgage reserve	52,000	*49,000*
	$ 354,060	*$ 363,228*
Deduct:		
Transfer to mortgage reserve	100,000	*94,000*
Dividends	191,801	*191,801*
Transfer to reserve fund	—	*25,000*
	$ 291,801	*$ 310,801*
Balance at end of year	$ 62,259	*$ 52,427*

THE STERLING TRUSTS CORPORATION

STATEMENT OF RESERVE FUND

For the year ended December 31, 1966

	1966	*1965*
Balance at beginning of year	$ 1,375,000	*$ 1,350,000*
Add transfer from undivided profits	—	*25,000*
	$ 1,375,000	*$ 1,375,000*
Deduct:		
Amount transferred to investment reserve	250,000	—
Balance at end of year	$ 1,125,000	*$ 1,375,000*

STATEMENT OF MORTGAGE RESERVE

For the year ended December 31, 1966

Balance at beginning of year	$ 175,000	*$ 81,000*
Add transfer from profit and loss account	100,000	*94,000*
Balance at end of year	$ 275,000	*$ 175,000*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The Sterling Trusts Corporation as at December 31, 1966, and the statements of earnings, undivided profits, reserve fund and mortgage reserve for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Trust Account and for Estates, Trusts and Agencies are kept separate from the corporation's own assets and are so recorded on the books of the corporation as to show the accounts to which they belong.

In our opinion, the accompanying balance sheet and statements of earnings, undivided profits, reserve fund and mortgage reserve, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the corporation as at December 31, 1966 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the corporation.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

TORONTO, ONTARIO, January 16, 1967

OFFICES

TORONTO, ONTARIO 372 BAY STREET

D. W. JONES, F.C.I.S., *Manager*

BARRIE, ONTARIO 35 DUNLOP STREET

J. A. SHUTE, *Manager*

ORILLIA, ONTARIO 73 MISSISSAGA ST. E.

B. M. HEWITT, *Manager*

REGINA, SASKATCHEWAN ROSE AND 11TH STREETS

W. A. FOWLIE, *Manager*

SERVICES

Estates Department

Guaranteed Trust Account

Savings Department

Safe Deposit Boxes

Real Estate Department

Property Management

Corporate Trust and Transfer Department

Financial Agency

Mortgage Department

Retirement Savings Plan

1867 1967
CANADA-CONFEDERATION